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United States Senate

COMMITTEE ON SMALL BUSINESS
WASHINGTON, DC 20510-6350

March 16, 2000

The Honorable David M. Walker
Comptroller General
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Walker:

The fiscal year 2001 budget proposal for the Small Business Administration (SBA) includes funding for the New Markets Venture Capital program, which is intended to increase access to equity capital and technical assistance for businesses located in low and moderate income rural areas and inner cities. The budget proposes \$150 million in SBA-guaranteed funds for New Market Venture Capital firms and \$30 million in related technical assistance to businesses receiving venture capital funds.

Before authorizing this new program, we want to be certain that the program does not duplicate similar SBA or other Federal programs that provide access to capital and technical assistance to small businesses that would otherwise be unable to obtain this support. For example, equity capital is available from Small Business Investment Companies, debt financing through the 7(a) program, and technical assistance from Small Business Development Centers. Therefore, we ask that the General Accounting Office examine the New Markets Venture Capital program, compare it to programs already in place at SBA and other Federal agencies, and identify aspects of the new program, if any, that could be provided through existing programs to the firms targeted through the New Markets Venture Capital program.

Please contact Emilia DiSanto or Paul Cooksey if you have any questions about this request. Thank you for your attention to this matter.

Sincerely,



Christopher S. Bond
Chairman